

costs are truly a primary objective of the privatization effort, one would expect DOE to prefer the cheapest privatization financing method. Privatization comes with a range of options and, since each changes the project costs, one would expect the DEIS to fully evaluate each option to achieve a true cost/benefit approach. Instead, the GAO has determined that in the Advanced Mixed Waste Treatment Project, "total private financing represents the highest financing cost--\$137.9 million--for construction financing."¹⁰ Table 1 shows that savings with a present value of \$33 million to \$90 million could have been realized if DOE had chosen a more reasonable financing option for the AMWTP.

Present Value (\$1998)	Contractor construction costs	Private financing option	Government debt guarantee option	Performance-based partial-payment option	Progress payment option	Total government financing option
Financing(PV)	N/A	137.9	104.1	62.7	47.1	0.0
Construction(PV)	244.6	244.6	244.6	244.6	244.6	244.6
Actual dollars by year						
1998	13.7	0	0	10.9	10.9	13.7
1999	109.0	0	0	87.2	87.2	109.0
2000	96.8	0	0	77.4	77.4	96.8
2001	41.0	0	0	32.8	32.8	41.0
2002	9.5	0	0	7.6	7.6	9.5
2003	0	100.8	91.9	29.4	128.5	0
2004	0	134.5	122.6	39.3	0	0
2005	0	134.6	122.7	39.3	0	0
2006	0	134.6	122.7	39.3	0	0
2007	0	64.9	59.2	18.9	0	0
Total actual dollars						
Financing	N/A	299.4	249.1	112.1	74.4	0
Construction	270.0	270.0	270.0	270.0	270.0	270.0

Source: *Alternative Financing of Contracting Strategies for Cleanup Projects*, United States General Accounting Office (GAO), GAO/RCED-98-169, May, 1998, p. 51.

Table 1
Advanced Mixed Waste Treatment Project
Alternative Construction and Financing Costs

Other alternatives considered but not analyzed by the DEIS simply looked at a similarly privatized AMWTP project at a different site or at a different location at the INEEL. The DEIS claims that "socioeconomic impacts from the construction of the AMWTP facility would be the same for all "action" alternatives."¹¹ This is only true in a regional sense and only if one disregards the other privatization alternatives that would dramatically cut financing costs and thus, free up funds for other projects where additional socioeconomic effects would be generated.

General Problems With Privatization

Privatization can be a good idea when conditions are right and when something of value exists to sell or turn over to private industry. However, this is not the case for the design, development, permitting, construction and eventual operation of large, complex nuclear cleanup facilities. The assumptions on which the DOE privatization program is built contain five fatal errors. These errors create such a serious threat to the existing